

30th MEETING
OF THE
MARYLAND HEALTH CARE COMMISSION
Thursday, January 17, 2002
Minutes

Chairman Wilson called the meeting to order at 1:00 p.m.

Commissioners present: Beasley, Crofoot, Etheredge, Jensen, Malouf, Picciotto, and Row

ITEM 1.

Approval of Minutes

Commissioner Ernest Crofoot made a motion to approve the Minutes of the December meeting of the Commission, which was seconded by Commissioner Evelyn Beasley, and unanimously approved.

ITEM 2.

Update on Commission Activities

Chairman Wilson announced the appointment of Enrique Martinez-Vidal as the new Deputy Director of Performance and Benefits.

Ben Steffen, Deputy Director of Data Systems and Analysis, referred the Commissioners to the written *Update of Activities*. Additionally, Mr. Steffen announced a statewide conference on the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to be held on February 19, 2002. Registration will be conducted through the middle of January.

Enrique Martinez-Vidal, Deputy Director of Performance and Benefits, also referred the Commissioners to the written *Update of Activities*. He announced that the Commission would hold a press conference for the release of the hospital performance guide on January 31, 2002 in Annapolis, Maryland.

Barbara McLean reported on behalf of Pamela Barclay, Deputy Director of Health Resources. Ms. McLean said that the Open Heart Advisory Steering Committee had been formed and includes experts from out of state as well as from Maryland. The steering committee will begin meeting in February, 2002. For further

information on the activities of the Health Resources division, Ms. McLean referred the Commissioners to the written *Update of Activities*. Copies of the *Update* were available on the documents table and on the Commission's website at: <http://www.mhcc.state.md.us/mhccinfo/cmsnmtgs/updates/>.

ITEM 3.

ACTION ITEM: EHN Certifications

- ProxyMed Inc.
- RealMed

Chairman Wilson announced that the next agenda item was certification of two additional electronic health networks. Dr. David Sharp, Chief, EDI Programs and Payer Information Systems, said that RealMed met all criteria for Commission certification and that staff recommended approval of the application. Commissioner Crofoot made a motion to approve the certification, which was seconded by Commissioner Constance Row, and unanimously approved. Commissioner John Picciotto abstained from voting on this matter.

Mr. Sharp said that ProxyMed Inc. met all criteria for Commission certification and that staff recommended approval of the application. Commissioner Picciotto made a motion to approve the certification, which was seconded by Commissioner Lynn Etheredge, and unanimously approved.

ITEM 4.

ACTION ITEM: Certificate of Need (CON) Applications:

- Carroll County General Hospital Capital Construction and Renovation Project– Docket No. 01-06-2079-Action on Staff Recommendation

Deborah Rajca, Health Policy Analyst, said that Carroll County General Hospital had applied for a CON to redesign its campus by expanding and renovating existing space. The hospital proposed to expand its facility by approximately 112,880 square feet and renovate 25,475 square feet of the existing facility, of which 7,750 square feet is existing building structure that will be demolished and rebuilt. The hospital proposed to increase its number of parking spaces from 950 to 1,315, at a cost of approximately \$3 million. The project's total capital cost was estimated at \$39,005,000, including the parking-related construction. The project will be completed in four phases over three years, with the construction expected to begin in March, 2002 and to be completed in February, 2005. Staff recommended that the Commission approve the CON. Ms. Rajca introduced Kevin Kelby, Chief Financial Officer, David Horn, Vice President of Marketing and Business Development, Laura Resh, Director of Managed Care, and Marta Harding, Counsel for Carroll County General Hospital to the Commissioners. Commissioner Crofoot made a motion to approve the CON, which was seconded by Commissioner Beasley, and unanimously approved.

ACTION: Carroll County General Hospital Capital Construction and Renovation Project– Docket No. 01-06-2079 is hereby APPROVED.

- Lorien-Ellicott City-Change of Site for Previously Approved but Unbuilt Nursing Home Project-Docket No. 01-13-2084-Action on Staff Recommendation

Susan Panek, Chief of Certificate of Need, said that Lorien Life Center-Ellicott City applied for a CON to change the site on which it will construct a previously-approved long term care facility with 63 comprehensive care facility beds and 84 assisted living units. The project received its original CON

approval on September 8, 1998. Staff recommended that the Commission approve the change of site, subject to conditions. One condition would be that the performance requirements of the CON are not subject to extension under COMAR 10.24.01.12E or other authority, except for extraordinary cause shown. Commissioner Crofoot made a motion to approve the staff recommendation. James Forsyth, counsel to Lorien LifeCenter, clarified his client's position. Suellen Wideman, AAG, replied on behalf of the Commission staff. Commissioner Row recused herself from consideration of this matter. Commissioner Jensen seconded the motion to accept the staff recommendation by Commissioner Crofoot. The staff recommendation was approved, with Chairman Wilson and Commissioners Beasley, Crofoot, Etheredge, Jensen, and Malouf voting in the affirmative, and Commissioner Picciotto voting in opposition.

ACTION: Lorien-Ellicott City-Change of Site for Previously Approved but Unbuilt Nursing Home Project-Docket No. 01-13-2084 is HEREBY APPROVED.

ITEM 5.

FINAL ACTION: Phase II: Certificate of Need Program Study

- An Analysis and Evaluation of the CON Program-*Working Paper: Organ Transplant Surgery, NICU Services, and Burn Services*- Final Action on Staff Recommendations
- An Analysis and Evaluation of the CON Program-*Working Paper: Child and Adolescent Inpatient Psychiatric and RTC Services*- Final Action on Staff Recommendations
- An Analysis and Evaluation of the CON Program-*Working Paper: Intermediate Care Facilities-Mental Retardation Services*- Final Action on Staff Recommendations
- An Analysis and Evaluation of the CON Program-*Phase II Final Report to the General Assembly*- Final Action on Staff Recommendations

Dr. Wilson said that the Commission was concluding Phase II of the review of the Certificate of Need program as it related to specific services and facilities. Ms. Panek said that no comments had been received on these reports. Staff recommended that CON review be continued. Commissioner Row commended staff for the work done in the study and made a motion to approve the staff recommendations, which was seconded by Vice Chairman Malouf and unanimously approved. Commissioner Row made a motion to send the final report to the General Assembly, which was seconded by Commissioner Beasley, and unanimously approved.

ACTION: Phase II: Certificate of Need Program Study, the following reports are HEREBY APPROVED.

- An Analysis and Evaluation of the CON Program-*Working Paper: Organ Transplant Surgery, NICU Services, and Burn Services*
- An Analysis and Evaluation of the CON Program-*Working Paper: Child and Adolescent Inpatient Psychiatric and RTC Services*
- An Analysis and Evaluation of the CON Program-*Working Paper: Intermediate Care Facilities-Mental Retardation Services*
- An Analysis and Evaluation of the CON Program-*Phase II Final Report to the General Assembly*

ITEM 6.

LEGISLATIVE SESSION: 2002 General Assembly

Chairman Wilson said that as of January 9th, the Maryland General Assembly is in session. The Commission's practice is to review the process for the opportunity to comment on bills at the January meeting each year. Ms. McLean said that the Commission staff receives bills through the Department of Health and Mental Hygiene. A determination to support, support with amendment, oppose, or take no position is made on each bill reviewed. As in previous years, the Commission will apply its past position on proposed legislation. For newly proposed legislation, the Commissioners will discuss the proposal by conference call. Commissioner Crofoot said that the Commission should take a position on the proposed CareFirst conversion to for-profit status because such a change will affect consumers' access and cost. Ms. McLean said that the Commission takes positions only on bills that affect the Commission. All positions are coordinated with the Department of Health and Mental Hygiene and the Governor's office. Vice Chairman Malouf added that taking a position on the CareFirst conversion is not within the scope of the Commission's mandate. Commissioner Crofoot replied that the Commission is independent and that its mission is to increase access to health care. Dr. Wilson said that there was no consensus to support the bill.

ITEM 7.

PRESENTATION: *State Health Care Expenditures for 2000*

Chairman Wilson asked Vice Chairman Malouf to preside over the remainder of the meeting. Vice Chairman Malouf said that the Commission is mandated to collect, analyze, and report on total reimbursements for health care services in Maryland. Ben Steffen, Deputy Director, Data Systems and Analysis, and Linda Bartnyska, Chief, Cost and Quality Analysis, presented a draft of the report on health care expenditures for calendar year 2000. Expenditures increased in 2000 by 8.4%, representing the largest increase since the Health Care Access and Cost Commission began studying and reporting health care expenditures. Commissioner Etheredge made a motion to approve the report, which was seconded by Commissioner Allen Jensen, and unanimously approved.

ACTION: The *State Health Care Expenditures for 2000* report is hereby **APPROVED** for release.

ITEM 8.

PRESENTATION: Small Group Market Study Progress Report

Vice Chairman Malouf said that the 2001 Maryland General Assembly passed SB 457 requiring the Commission to contract with an independent consultant to conduct a study comparing the performance of Maryland's small group health insurance market reform law to other states, both in terms of its comprehensiveness and affordability. The contractor selected was Health Management Associates. Dr. Elliott Wicks, the principal investigator on this report, presented an outline of its contents. The report will go to the Maryland General Assembly in a few weeks. Since the report is to be completed independent of the Commission, Dr. Wicks did not address the report recommendations. Dr. Wicks said that Health Management Associates looked at benefits in standard health plans and rating requirements, interviewed regulators and state officials. Vice Chairman Malouf thanked Dr. Wicks for his report.

ITEM 9.

PRESENTATION: *EDI Progress Report for 2001*

Vice Chairman Malouf said that the next agenda item was a presentation of the annual EDI Progress Report for 2001 by Dr. David Sharp. Existing regulation requires the Commission to promote electronic data interchange in Maryland. The EDI Progress Report measures electronic commerce of payers and providers and identifies adoption barriers. EDI use increased 0.2% for Medicare, decreased by 4.2% for Medicaid, and increased by 4.8% for private payers, for a combined increase of 1.3%. Major factors contributing to slow EDI growth include most Medicaid MCOs lack EDI and payers are focused on HIPAA compliance. Vice Chairman Malouf thanked Dr. Sharp for his presentation.

ITEM 10.

PRESENTATION: Ambulatory Surgery Update

Vice Chairman Malouf said that at the December meeting the Commission approved the working paper, CON regulation of ambulatory surgery services, while noting that the current regulatory structure is not acceptable in the long run, and that more information is needed before conclusions can be reached on the appropriate way to deal with these services. Paul Parker, Health Policy Analyst, reviewed comparisons of ambulatory surgery in those states without Certificate of Need regulation, those with conventional CON regulation, and Maryland. Commission staff is in the process of finalizing a research proposal.

ITEM 11.

Hearing and Meeting Schedule

Vice Chairman Malouf announced that the Commission Hearing and Meeting Schedule was available at the documents table, as well as on the Commission's website. The next scheduled meeting of the Maryland Health Care Commission will be at 1:00 p.m. on Thursday, February 21, 2002 at 4201 Patterson Avenue, Rooms 108-109, in Baltimore, Maryland.

ITEM 12.

Adjournment

There being no further business, the meeting was adjourned at 3:30 p.m. upon motion of Commissioner Jensen, which was seconded by Commissioner Etheredge, and unanimously approved by the Commissioners.